



## Workers' Compensation Commission

October 30, 2009

### **Center for Medicaid and Medicare Services (CMS) Prospective Payment System (PPS) Inpatient PCPricer "Pass Through"**

The South Carolina Workers' Compensation Commission is responsible for resolving disputes over pricing of bills for services rendered under SC Code of Laws Title 42. Recently several providers of inpatient services to workers' compensation claimants have questioned differences between the billing calculations using CMS PPS Inpatient PCPricer and the South Carolina Workers' Compensation Commission's pricing of the same bills. In response to those inquiries, we offer the following explanation. The Commission's prospective hospital payment system became effective October 1, 2006. The system allows hospitals to be reimbursed Medicare plus forty percent for inpatient services rendered to workers' compensation patients. Bill reviews performed by the Commission vary from the amount shown on the CMS website, Prospective Payment System (PPS) Inpatient PCPricer because the amount provided by PCPricer includes what is commonly referred to as "pass throughs". The pass through amount is an estimate of Medicare bad debts, organ acquisition costs, and graduate medical education expenses for those hospitals that want to project the impact of these expenses on their total income for the year.

The Commission's prospective Medicare plus forty percent payment policy does not allow payment for pass throughs. The pass through costs in the PCPricer system represent Medicare patient costs, not costs associated with a workers' compensation claim. In addition, the provider is reimbursed by Medicare for bad debts, organ acquisition costs for Medicare patients, and graduate medical education expenses on an annual basis, retrospective of the allowable expenses incurred in the previous year. Inclusion of these expenses in the calculation of the worker's compensation claim using our prospective payment system would allow the provider to be reimbursed twice for the same expense.

The following web link will take you to the CMS calculation of IPPS payments, and notes that graduate medical expenses, organ acquisition and Medicare bad debts are not part of the system.

[http://www.cms.hhs.gov/AcuteInpatientPPS/02\\_stepspps.asp#TopOfPage](http://www.cms.hhs.gov/AcuteInpatientPPS/02_stepspps.asp#TopOfPage)

If you have any questions or comments, please contact Al McCutcheon, Director of the Insurance and Medical Services Division at 803-737-5743 or [WCC-Medical@wcc.sc.gov](mailto:WCC-Medical@wcc.sc.gov).